

THE CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

STAFF REPORT

DATE: September 29, 2020

TO: Committee of the Whole

FROM: Rhonda Whitmarsh, Treasurer

SUBJECT: Interim Report #8 on Financial Implications of COVID-19

RECOMMENDATION:

THAT Committee of the Whole accept the Treasurer's interim report on the financial implications of COVID-19 dated September 29, 2020 as information.

BACKGROUND:

Effective March 16, 2020, municipal facilities were closed to the public due to Covid 19. Subsequent to that, Council has received many reports and updates on the financial implications for the Municipality due to the pandemic.

The Province of Ontario has now entered stage 3 of re-opening and all municipal facilities are now back open to the public and must follow public health guidelines with regard to social distancing, wearing of masks in public, cleaning protocols, etc.

DISCUSSION:

During the closure period, there was a loss of revenue particularly for daycare and recreation. Now that these facilities have re-opened, this loss in revenue is expected to continue, although to a lesser degree. This is because of the limitations the Province has imposed in terms of activities and capacity. Daycare is allowed to accept children at full capacity however enrolment continues to be lower than capacity. Recreation has limits on allowable indoor activities, contact sports, etc. And at the time of writing this report, the allowable number of people allowed to gather indoors is set at 50.

Daycare:

The Daycare re-opened on July 6th and Staff were recalled a few days prior to re-opening to get prepared, to clean and to receive training. **Refer to Table 1** for an analysis of the finances of the Daycare from January 1, 2020 to August 31, 2020 with comparative information for the same period in 2019. Note that the Daycare has an estimated deficit to August 31st of \$122,649.

Recreation:

Refer to Table 2 for the financial analysis of the Recreation and Curling Departments from January 1, 2020 to August 31, 2020 with comparative information for the same period in 2019. The combined surplus for Recreation and Curling to August 31st is \$26,381. The surplus is a result of cancelled events over the summer months resulting the avoidance of expenses that would otherwise be incurred. Municipal grant allocations are provided monthly to the department to address expenditures as per the 2020 budget. There is the possibility of a deficit over the fall/winter months if activities continue to be restricted.

Almonte Old Town Hall Auditorium

The total revenue for the Almonte Old Town Hall from January 1, 2020 to August 31, 2020 is \$22,945 and was \$35,357 in 2019.

Library:

Refer to Table 3 for the financial analysis of the Library from January 1, 2020 to August 31, 2020 with comparative information for the same period in 2019. The surplus for the library to August 31st is \$81,972. Municipal grants are allocated monthly to address expenditures per the 2020 budget. Temporary staff layoffs, reduced spending during the closure period and the early receipt of household grants have contributed to the surplus in this department.

Building Department:

Refer to Table 4 for the financial analysis of the Building Department from January 1, 2020 to August 31, 2020 with comparative information for the same period in 2019. Building activity remains high therefore the Department is operating with a surplus of \$237,520 to August 31st.

Water and Sewer

Refer to Table 4 for the financial analysis of the Water and Sewer Department from January 1, 2020 to August 31, 2020 with comparative information for the same period in 2019. The department has a surplus at August 31st of \$853,411. The surplus is significant at this time as no capital works have been completed to date and debt payments on the WWTP only occur twice per year.

Taxation and other sources of Revenue:

Other sources of revenue such as taxation waste management, and miscellaneous sources of revenue, at this time, are being billed when expected. At the Council meeting held on May 5, 2020, Council approved the 2020 tax rate by-law and amended the penalty section to waive penalties on the 2020 final tax billing until December 31, 2020 to provide some relief to residents experiencing financial difficulties.

The Province has confirmed in writing that the school board taxation remittances will be deferred by 90 days so the June 30th payment will not be due until September 30th and the payment due on September 30th will now be due on December 30th. This will free up cash for the municipality following the final tax billing as we will have additional time to pay the school boards.

Grants:

To date, there has been no indication that there will be any delay in receiving operating grants for the Municipality, Daycare or Library.

The Municipality has been advised by the Ministry of Municipal Affairs that \$361,000 in Covid 19 related funding will flow to the Municipality in September 2020. At the time of writing this report, this funding has not yet been received. This funding is intended to cover expenditures already incurred in 2020 as a result of Covid 19 such as additional cleaning, by-law enforcement, signage, personal protective equipment, etc. Funding is also intended to address revenue losses. The Municipality has lost revenues because of closures and capacity constraints after re-opening for Daycare, Recreation and the Almonte Old Town Hall. In addition, the Municipality has received notice that dividends will not be received in 2020 from Ottawa River Power Corporation and Ottawa River Energy Solutions as a result of Covid 19 totaling \$68,800. If there are any funds remaining at the end of 2020, they will be placed into reserves and carried into 2021 to offset similar Covid related expenditures and continued revenue losses.

The Municipality will be required to provide an accounting to the Province as to how this funding has been applied in 2020 to support Covid 19 related costs and pressures.

Penalties and Interest on the final tax instalment:

Penalties and interest on the 2020 final tax billing will be forgone until the end of the year. It is difficult to determine at this time what the resulting revenue loss may be, however, monthly penalty and interest resulting from the final tax billing in 2019 was approximately \$9,100. If a similar amount would be incurred in 2020, then the resulting revenue loss would be \$45,500 (\$9,100 X 5 months).

Interest Income:

The Municipality earns interest monthly on its operating bank account. Prior to Covid 19 the Municipality was earning monthly interest of approximately \$12,000 or 1.9%. In May 2020 interest earned dropped to \$4,500 or .7%. In August, the amount is \$5,158.57 or .06% of the average cash balance. Cash balances are higher in August because of the July tax instalment that was due at the end of the month.

The Municipality has also invested in two high interest savings accounts. From January-March 2020 interest was being earned at 2.415% or \$10,000 per month on average. In August, the amount is \$6,545.

Supplementary Taxation:

As a result of social distancing measures, office closures, etc., the Assessment Office is having difficulty assessing new development for inclusion in supplementary assessment changes to be provided to Municipalities in order to complete supplementary tax billings. The Assessment Office is continuing to work with Municipal building departments to determine alternate methods of assessing new developments. It is unknown at this time what the impact will be for the remainder of the year on potential supplemental taxation resulting from new development.

FINANCIAL IMPACT:

Tables 1 to 4 provide financial impacts for the Daycare, Recreation Department, Library, Building Department and Water and Sewer.

At August 31st, the Municipality has cash in the bank of \$7 million and investments total \$12.96 million. **Combined the total of cash and investments is \$19.96 million. The increase in the cash balance is due to collection of the first instalment of the 2020 final tax billing that was due on July 30th.**

As of August 31, 2020 the amount of the entire 2020 tax billing remaining to be paid on the September installment is 27.19% and in 2019 at the same time was 27.08%. At this time there doesn't seem to be any issues with residents not paying their taxes as there is no significant spike in the amount to be paid in September when compared to 2019.

Water arrears are slightly higher at August 31st when compared to the same time in 2019 by .57% but the next due date is not until October 13, 2020 so there doesn't appear to be a significant increase in water arrears at this time.

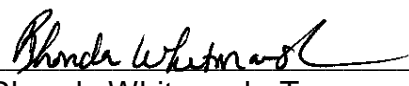
It is not expected that the Municipality would need to utilize all available cash and investments to meet its obligations moving forward in the year however the cash flow situation will continue to be monitored and reported to Council.

SUMMARY

The purpose of this report is to provide information to Council with regard to Covid 19 implications and to highlight any financial concerns as a result of previous closures and restricted activities that are ongoing.

Respectfully submitted,

Reviewed by,


Rhonda Whitmarsh, Treasurer


Ken Kelly, CAO

Table 1					
Daycare Revenues and Expenditures January 1, 2020 To August 31, 2020					
with comparisons with the same period in 2019					
	2020 Budget	YTD 2020	Bal Remaining YTD	Bal Remaining %	2019 YTD
DAYCARE					
REVENUE					
Fees & Service Charges	\$2,514,081.00	\$854,542.00	\$1,659,539.00	66.01%	1,220,422.00
Municipal Grant	\$29,921.00	\$19,764.00	\$10,157.00	33.95%	5,171.00
TOTAL REVENUE	\$2,544,002.00	\$874,306.00	\$1,669,696.00	65.63%	1,225,593.00
EXPENDITURES					
Salaries & Benefits	2,273,907.00	912,996.00	\$1,360,911.00	59.85%	1,112,595.00
Supplies	172,750.00	41,295.00	\$131,455.00	76.10%	69,153.00
Service/Rent	97,345.00	42,664.00	\$54,681.00	56.17%	25,892.00
Total Daycare Expenses	2,544,002.00	996,955.00	1,547,047.00	60.81%	1,207,640.00
Net Daycare Fund	0.00	(122,649.00)	122,649.00	0.00%	17,953.00
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Reserves:					
Balance at Dec 31/19		674,957.61			
2020 budget amounts		(203,686.00)			
Remaining balance		471,271.61	Reserves available for use if required		
Other Financial Information					
Proportion of Revenues in 2020 budget					
Full Fee Revenue	69%				
County Grants	24%				
Municipal Contribution	2%				
Reserves and Development Charges	4%				
Other revenue	1%				
	100%				
Proportion of Costs in 2020 budget					
Salaries and Benefits	89%	*Average monthly salary and benefit costs are \$154,000			
Travel and Training	.5%				
Food and Programming	7%				
General Operating	1%				
Maintenance and Repairs	1%				
Utilities	1%				
Insurance	.5%				
Capital	1%				
	100%				
*14 Full time, 10 supply/Part time, 1 cleaner					

Table 2					
Recreation and Curling Revenues and Expenditures January 1, 2020 To August 31, 2020					
with comparisons with the same period in 2019					
	2020 Budget	YTD 2020	Bal Remaining YTD	Bal Remaining %	2019 YTD
RECREATION FUND					
REVENUE					
Federal Gov't Grants	\$300.00	\$0.00	\$300.00	100.00%	\$0.00
Municipal Grants	1,309,995.00	873,330.00	\$436,665.00	33.33%	782,565.00
Fees & Service Charges	512,321.00	162,196.00	\$350,125.00	68.34%	208,985.00
Total Revenue	1,822,616.00	1,035,526.00	787,090.00	43.18%	991,550.00
EXPENDITURES					
SALARIES & BENEFITS					
Salaries-Recreation Management	188,098.00	116,067.00	\$72,031.00	38.29%	102,331.00
Other Payroll Expenses-F/T	211,272.00	134,704.00	\$76,568.00	36.24%	132,688.00
Other Payroll Expenses-P/T	24,900.00	7,394.00	\$17,506.00	70.31%	12,144.00
Total Expense	424,270.00	258,165.00	166,105.00	39.15%	247,163.00
GENERAL EXPENSES					
General Rec. Expenses	400,616.00	204,750.00	\$195,866.00	48.89%	148,985.00
Total General Expenses	400,616.00	204,750.00	195,866.00	48.89%	148,985.00
Almonte Arena Expenses	279,596.00	150,357.00	\$129,239.00	46.22%	142,481.00
SCC Arena Expenses	216,946.00	104,214.00	\$112,732.00	51.96%	111,129.00
Sports Fields & Parks	199,852.00	97,254.00	\$102,598.00	51.34%	134,395.00
Vehicles & Equipment	26,750.00	11,320.00	\$15,430.00	57.68%	15,753.00
Programs	24,025.00	957.00	\$23,068.00	96.02%	9,775.00
Events	59,100.00	1,744.00	\$57,356.00	97.05%	36,328.00
Other Recreation	172,609.00	154,747.00	\$17,862.00	10.35%	135,654.00
Total Expense	978,878.00	520,593.00	458,285.00	46.82%	585,515.00
Total Recreation Expense	1,803,764.00	983,508.00	820,256.00	45.47%	981,663.00
Net Recreation Fund	18,852.00	52,018.00	(33,166.00)	0.00%	9,887.00
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	2020 Budget	YTD 2020	Bal Remaining YTD	Bal Remaining %	2019 YTD
CURLING FUND					
REVENUE					
Beverage Sales	\$37,000.00	\$24,093.00	\$12,907.00	34.88%	\$29,189.00
Food Sales	0.00	0.00	\$0.00	0.00%	0.00
Curling Lounge Rental	2,500.00	0.00	\$2,500.00	100.00%	245.00
Curling Surface Rental	500.00	0.00	\$500.00	100.00%	3,962.00
Curling Surface Bar Proceeds	0.00	0.00	\$0.00	0.00%	0.00
Curling Ice Rental-Curling Club	33,544.00	16,997.00	\$16,547.00	49.33%	16,127.00
Curling Advertising	0.00	0.00	\$0.00	0.00%	0.00
Total Revenue	73,544.00	41,090.00	32,454.00	44.13%	49,523.00
EXPENDITURES					
Insurance	6,346.00	5,764.00	\$582.00	9.17%	6,044.00
Utilities	36,300.00	28,618.00	\$7,682.00	21.16%	26,920.00
Misc. Expense	100.00	0.00	\$100.00	100.00%	116.00
Ice Rental Lounge Maint.	14,000.00	10,090.00	\$3,910.00	27.93%	10,573.00
Ice Rental Locker Maint.	2,200.00	2,754.00	(\$554.00)	(25.18%)	2,530.00
Ice Rental Surface Maint.	3,800.00	745.00	\$3,055.00	80.39%	250.00
Equipment Maintenance- Ice Plant	4,500.00	1,044.00	\$3,456.00	76.80%	378.00
Equipment Maintenance-Ice Scraper	0.00	0.00	\$0.00	#DIV/0!	0.00
Curling Bar	25,150.00	17,712.00	\$7,438.00	29.57%	17,458.00
Total Expense	92,396.00	66,727.00	25,669.00	27.78%	64,269.00
Net Curling Fund	(18,852.00)	(25,637.00)	6,785.00	(35.99%)	(14,746.00)
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There are no recreation reserves for operations					
User fees represent 27% of the Recreation budget with the balance coming from the Municipality					

Table 3					
Library Revenues and Expenditures January 1, 2020 To August 31, 2020					
with comparisons with the same period in 2019					
	2020 Budget	YTD 2020	Bal Remaining YTD	Bal Remaining %	2019 YTD
REVENUE					
Federal Gov't Grants	\$0.00	\$0.00	\$0.00	0.00%	\$0.00
Provincial Gov't Grants	31,848.00	32,898.00	(\$1,050.00)	(3.30%)	1,670.00
Municipal Grants	669,244.00	422,563.00	\$246,681.00	36.86%	394,068.00
Fees & Service Charges	18,150.00	6,469.00	\$11,681.00	64.36%	15,269.00
Total Revenue	719,242.00	461,930.00	257,312.00	35.78%	411,007.00
EXPENDITURES					
Salaries & Benefits-Almonte	433,543.00	225,539.00	\$208,004.00	47.98%	259,484.00
Salaries & Benefits-Pakenham	69,522.00	29,425.00	\$40,097.00	57.68%	58,519.00
Administration-Almonte	27,960.00	15,939.00	\$12,021.00	42.99%	18,243.00
Administration-Pakenham	13,400.00	7,873.00	\$5,527.00	41.25%	10,941.00
Materials & Supplies-Almonte	48,150.00	21,659.00	\$26,491.00	55.02%	28,627.00
Materials & Supplies-Pakenham	19,633.00	10,894.00	\$8,739.00	44.51%	12,497.00
Building Operations-Almonte	22,300.00	12,142.00	\$10,158.00	45.55%	10,853.00
Building Operations-Pakenham	24,760.00	13,536.00	\$11,224.00	45.33%	13,446.00
Other Expenditures	59,974.00	42,951.00	\$17,023.00	28.38%	27,311.00
Total Library Expenses	719,242.00	379,958.00	339,284.00	47.17%	439,921.00
Net Library Fund	0.00	81,972.00	(81,972.00)	0.00%	(28,914.00)
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Table 4					
Building Department Revenues and Expenditures January 1, 2020 To August 31, 2020					
with comparisons with the same period in 2019					
	2020 Budget	YTD 2020	Bal Remaining YTD	Bal Remaining %	2019 YTD
BUILDING DEPARTMENT					
Building Dept. Revenues	469,900.00	491,349.00	(\$21,449.00)	(4.56%)	364,807.00
Building Dept. Expenses	469,900.00	253,829.00	\$216,071.00	45.98%	245,844.00
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Net Building Dept.	0.00	237,520.00	(237,520.00)	0.00%	118,963.00
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Water and Sewer Revenues and Expenditures January 1, 2020 To August 31, 2020					
with comparisons with the same period in 2019					
	2020 Budget	YTD 2020	Bal Remaining YTD	Bal Remaining %	2019 YTD
WATER & SEWER					
Water & Sewer Revenues	3,757,388.00	2,575,776.00	\$1,181,612.00	31.45%	2,358,012.00
Water & Sewer Expenses	3,757,388.00	1,722,365.00	\$2,035,023.00	54.16%	1,625,554.00
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Net Water & Sewer	0.00	853,411.00	(853,411.00)	0.00%	732,458.00
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